

rate in the local exchange service tariff and does not obtain more than one such line from a particular telephone company.

(j) No charge shall be assessed for any WATS access line.

(k) The monthly per-line charge for multi-line business subscriber lines will be \$9.00, except that on July 1, 1999, and every year thereafter, this monthly per-line charge will be adjusted to equal the nationwide average monthly multi-line business subscriber line charge for all price cap local exchange carriers on December 31 of the preceding year.

(l) (1) Beginning January 1, 1998, non-price cap local exchange carriers shall assess no more than one end user common line charge as calculated under the applicable method under paragraph (d) of this section for Basic Rate Interface integrated services digital network (ISDN) service.

(2) Local exchange carriers shall assess no more than five end user common line charges as calculated under paragraph (b) of this section for Primary Rate Interface ISDN service.

(m) In the event the local exchange carrier charges less than the maximum end user common line charge for any subscriber lines, the local exchange carrier may not recover the difference between the amount collected and the maximum from carrier common line charges or PICCs.

**§ 69.103 Presubscribed interexchange carrier charge (PICC) for non-price cap incumbent local exchange carriers.**

(a) A charge expressed in dollars and cents per line may be assessed upon the subscriber's presubscribed interexchange carrier to recover the common line revenues permitted under the rate-of-return rules in this chapter that cannot be recovered through the end user common line charge established under § 69.102.

(b) If an end-user customer does not have a presubscribed interexchange carrier, the local exchange carrier may collect the PICC directly from the end user.

(c) The maximum monthly PICC for residential subscriber lines and single-line business subscriber lines shall be the lower of:

(1) One twelfth of the sum of projected annual common line revenues and residual interconnection charge revenues permitted under our rate-of-return rules divided by the projected average number of local exchange service subscriber lines in use during such annual period, minus the maximum subscriber line charge calculated pursuant to § 69.102(d); or

(2) Until July 1, 1999, the nationwide average monthly PICC for residential subscriber lines and single-line business subscriber lines charged by price-cap local exchange carriers as of July 1, 1998. On July 1, 1999, and every year thereafter, this amount shall be adjusted to be the nationwide average monthly PICC for residential subscriber lines and single-line business subscriber lines charged by price-cap LECs as of December 31 of the preceding year.

(d) To the extent that a non-price cap incumbent local exchange carrier cannot recover its full common line revenues and residual interconnection charge revenues permitted under this chapter through the recovery mechanisms established in §§ 69.102 and 69.103(c), that carrier may assess a PICC on multi-line business subscriber lines.

(1) The maximum monthly PICC for multi-line business lines shall be the lower of:

(i) One twelfth of the projected annual common line and residual interconnection charge permitted under this chapter, less the maximum amounts permitted to be recovered through the recovery mechanisms under §§ 69.102 and 69.103(c), divided by the total number of projected multi-line business subscriber lines in use during such annual period; or

(ii) Until July 31, 1999, the nationwide average monthly PICC for multi-line business subscriber lines charged by price-cap incumbent local exchange carriers as of July 1, 1998. On July 1, 1999, and every year thereafter, this amount shall be adjusted to be the nationwide average monthly PICC for multi-line business subscriber lines charged by price-cap incumbent local exchange carriers as of July 1 of the preceding year.

(e) [Reserved]

(f) (1) Non-price cap incumbent local exchange carriers shall assess no more than one PICC as calculated under the applicable method under paragraph (c) of this section for Basic Rate Interface integrated services digital network (ISDN) service.

(2) Non-price cap incumbent local exchange carriers shall assess no more than five P ICCs as calculated under paragraph (d) of this section for Primary Rate Interface ISDN service.

(g) (1) The maximum monthly P ICC for Centrex lines shall be one-ninth of the maximum charge determined under paragraph (d) of this section, except that if a Centrex customer has fewer than nine lines, the maximum monthly P ICC for those lines shall be the maximum charge determined under paragraph (d) of this section divided by the customer's number of Centrex lines

(2) In the event the monthly loop costs for a multi-line business line, as defined in § 69.102, exceed the maximum permitted End User Common Line charge, as set in § 69.102, the maximum monthly

PICC for a Centrex line determined under paragraph (g)(1) of this section shall be increased by the difference between the monthly loop costs defined in § 69.102 and the maximum permitted End User Common Line charge set in § 69.102. In no event, however, shall the PICC for a Centrex line exceed the maximum established under paragraph (d) of this section.

(h) If a local exchange carrier receives low income universal service support on behalf of a customer under § 54.403(d) of this chapter, then the local exchange carrier shall not recover a residential PICC from that end-user customer or its presubscribed interexchange carrier. Any amounts recovered under § 54.403(d) of this chapter by the local exchange carrier shall be treated as if they were recovered through the PICC.

**§ 69.104 [Reserved]**

**§ 69.105 Per-minute carrier common line charge.**

(a) Non-price cap incumbent local exchange carriers may recover a per-minute carrier common line charge from interexchange carriers, collected on originating access minutes and calculated using the weighing method set forth in paragraph (c) of this section. The maximum such charge shall be the per-minute rate that would recover annual common line revenues permitted less the maximum amounts allowed to be recovered under §§ 69.102 and 69.103; or

(b) To the extent that paragraph (a) of this section does not recover from interexchange carriers all permitted carrier common line revenue, the excess may be collected through a per-minute charge on terminating access calculated using the weighing method set forth in paragraph (c) of this section.

(c) For each Carrier Common Line access element tariff, the premium originating Carrier Common Line charge shall be set at a level that recovers revenues allowed under paragraphs (a) and (b) of this section. The non-premium charges shall be equal to 0.45 multiplied by the premium charges.

(d) For purposes of this section and § 69.108:

(1) A carrier or other person shall be deemed to receive premium access if access is provided through a local exchange switch that has the capability to provide access for an MTS-WATS equivalent service that is substantially equivalent to the access provided for MTS or WATS, except that access provided for an MTS-WATS equivalent service that does not use such capability shall not be deemed to be premium access until six months after the carrier that provides such MTS-WATS equivalent service receives actual notice that such equivalent access is or will be available at such switch;

(2) The term open end of a call describes the origination or termination of a call that utilizes exchange carrier common line plant (a call can have no, one, or two open ends); and

(3) All open end minutes on calls with one open end (e.g., an 800 or FX call) shall be treated as terminating minutes.

**§ 69.106        Switching charges.**

(a) Charges that are expressed in dollars and cents per access minute of use shall be assessed by local exchange carriers that are not subject to price cap regulation upon all entities that use local exchange carrier switching facilities for the provision of interstate or foreign services.

(b) The charges described in paragraph (a) of this section shall reasonably reflect the costs of switching facilities, and shall recover the projected annual revenue requirement for the Switching element, excluding any local switching support received by the carrier pursuant to § 54.301 of this chapter.

(c) If end users of an interstate or foreign service that uses local switching facilities pay message unit charges for such calls in a particular exchange, a credit shall be deducted from the Switching element charges to such carrier for access service in such exchange.

**§ 69.107    Transport charges**

(a) Charges that are expressed in dollars and cents per access minute of use and/or are flat-rated shall be assessed by local exchange carriers that are not subject to price cap regulation on all purchasers of transport services or facilities.

(b) Charges shall reasonably reflect the costs of transport services and facilities, and shall recover the projected annual revenue requirement for the Transport element.

**§ 69.108    Non-premium charges for MTS-WATS equivalent services.**

(a) Charges that are computed in accordance with this section shall be assessed upon interexchange carriers or other persons that receive access that is not deemed to be premium access as this term is defined in § 69.105(d)(1) in lieu of carrier charges that are computed in accordance with §§ 69.105 and 69.110

(b) The non-premium charge for the Carrier Common Line element shall be computed by multiplying the premium charge for such element by .45.

(c) For telephone companies that are not subject to price cap regulation, the non-premium charge for the Switching element shall be computed by multiplying a hypothetical premium charge for such element by .45. The hypothetical premium charge for such element shall be computed by dividing the annual revenue requirement for such element by the sum of the projected premium access minutes for such period and a number that is computed by multiplying the projected non-premium minutes for such element for such period by .45.

(d) The non-premium charge for any BSEs for switching shall be computed by multiplying the premium charge for the corresponding BSEs by .45.

**§ 69.109 Special access surcharges.**

(a) Pending the development of techniques accurately to measure usage of exchange facilities that are interconnected by users with means of interstate or foreign telecommunications, a surcharge that is expressed in dollars and cents per line termination per month shall be assessed upon users that subscribe to private line services or WATS services that are not exempt from assessment pursuant to paragraph (d) of this section.

(b) The surcharge for such a period shall be twenty-five dollars (\$25.00) per line termination per month.

(c) A telephone company may propose reasonable and nondiscriminatory end user surcharges, to be filed in its federal access tariffs and to be applied to the use of exchange facilities which are interconnected by users with means of interstate or foreign telecommunication which are not provided by the telephone company, and which are not exempt from assessment pursuant to subsection (d) of this Section. Telephone companies which wish to avail themselves of this option must undertake to use reasonable efforts to identify such means of interstate or foreign telecommunication, and to assess end user surcharges in a reasonable and nondiscriminatory manner.

(d) No special access surcharges shall be assessed for any of the following terminations:

(1) The open end termination in a telephone company switch of an FX line, including CCSA and CCSA-equivalent ONALS;

(2) Any termination of an analog channel that is used for radio or television program transmission;

(3) Any termination of a line that is used for telex service;

(4) Any termination of a line that by nature of its operating characteristics could not make use of common lines; and

(5) Any termination of a line that is subject to carrier usage charges pursuant to this Part.

(6) Any termination of a line that the customer certifies to the exchange carrier is not connected to a PBX or other device capable of interconnecting a local exchange subscriber line with the private line or WATS access line.

**§ 69.110 Basic service elements for switched services.**

Telephone companies subject to the BOC ONA Order, 4 FCC Rcd 1 (1988) shall, and other telephone companies may, establish approved Basic Service Elements as provided in Amendments of Part 69 of the Commission's rules relating to the Creation of Access Charge Subelements for Open Network Architecture, Report and Order, 6 FCC Rcd 4524 (1991) and 800 data base subelements, as provided in Provision of Access for 800 Service, 8 FCC Rcd 907, CC Docket 86-10, FCC 93-53 (1993).

**§ 69.111 Connection charges for expanded interconnection.**

(a) Appropriate connection charge subelements shall be established for the use of equipment and facilities that are associated with offerings of expanded interconnection for special access and switched transport services, as defined in part 64, subpart N of this chapter

(b) Charges for subelements associated with physical collocation or virtual collocation, other than the subelements recovering the cost of the virtual collocation equipment described in § 64.1401(e)(1) of this chapter, may reasonably differ in different central offices.

(c) Connection charge subelements shall be computed based upon the costs associated with the equipment and facilities that are included in such subelements, including no more than a just and reasonable portion of the telephone company's overhead costs.

(d) Connection charge subelements shall be assessed upon all interconnectors that use the equipment or facilities that are included in such subelements.

**§ 69.112 - 69.129 [Reserved]**

§ 69.130 Zone pricing

(a) Local exchange carriers subject to rate-of-return regulation may establish a reasonable number of pricing zones for charges associated with the Transport, Switching, and Common Line elements within each study area that is used for the purposes of jurisdictional separations.

(1) Only one set of density pricing zones shall be established within each study area, to be used for the pricing of access elements pursuant to this section.

(2) Ceilings on SLCs and PICCs as established in §§ 69.102 and 69.103 of this chapter may not be exceeded in any zone within any subject study area; and

(3) Revenue forgone from zone prices for SLCs and PICCs below such ceilings cannot be recovered from universal service funding.

(b) Zone pricing must be revenue-neutral within each study area.

(c) Such a system of pricing zones shall be designed to reasonably reflect cost-related characteristics, such as the density of total interstate traffic in central offices located in the respective zones.

## Subpart C - Apportionment of Net Investment

### § 69.201 General.

(a) For purposes of computing annual revenue requirements for the access elements of non-price cap incumbent local exchange carriers, net investment as defined in § 69.2(u), shall be apportioned among the interexchange, billing and collection and access categories as provided in this subpart. For purposes of this subpart, the access category includes the following elements: Common Line, Switching, Transport and Others.

### § 69.202 Net investment.

(a) Investment in Accounts 2001, 1220 and Class B Rural Telephone Bank Stock booked in Account 1402 shall be apportioned among the interexchange category, billing and collection category and the Transport, Switching, and Common Line access elements as provided in this subpart.

(b) Investment in Accounts 2002, 2003 and to the extent such inclusions are allowed by this Commission, Account 2005 shall be apportioned on the basis of the total investment in Account 2001, Telecommunications Plant in Service.

(1) Central office equipment (COE) investment shall be apportioned among the interexchange category and appropriate access elements in the same proportions as total Accounts 2210, 2220 and 2230 COE assets combined;

(2) Cable and wire facilities (C&WF) investment shall be apportioned among the interexchange category and appropriate access elements in the same proportions as total Account 2410 C&WF assets;

(3) General support facilities investment shall be apportioned among the interexchange category, the billing and collection category and appropriate access elements on the basis of General support facilities investment in Account 2110; and

(4) Investment that is not COE, C&WF or General Support Facilities shall be apportioned among the interexchange category, the billing and collection category and appropriate access elements in the same proportions as the associated investment in Account 2001. Telecommunications plant in service.



**§ 69.203 Information origination/termination equipment (IOT).**

Investment in all other IOT shall be apportioned between the Transport and Common Line elements on the basis of the relative number of equivalent lines in use, as provided herein. Each interstate or foreign Special Access Line, excluding lines designated in § 69.109(d), shall be counted as one or more equivalent lines where channels are of higher than voice bandwidth, and the number of equivalent lines shall equal the number of voice capacity analog or digital channels to which the higher capacity is equivalent. Local exchange subscriber lines shall be multiplied by the interstate Subscriber Plant Factor to determine the number of equivalent local exchange subscriber lines.

**§ 69.204 Subscriber line cable and wire facilities.**

(a) Investment in local exchange subscriber lines shall be assigned to the Common Line element.

(b) Investment in interstate and foreign private lines and interstate WATS access lines shall be assigned to the Transport element.

**§ 69.205 Carrier cable and wire facilities (C&WF).**

(a) Carrier C&WF that is not used for "origination" or "termination" as defined in § 69.2 shall be assigned to the interexchange category.

(b) Carrier C&WF, other than WATS access lines, not assigned pursuant to paragraphs (a), or (c) of this section shall be assigned to the Transport element

(c) Carrier C&WF that is used to provide transmission between the local exchange carrier's signalling transfer point and the local switch shall be assigned to the switching element.

**§ 69.206 Central office equipment (COE).**

(a) The Separations Manual categories shall be used for purposes of apportioning investment in such equipment except that any central office equipment attributable to local transport shall be assigned to the Transport elements.

(b) COE Category 1 (Operator Systems Equipment) shall be apportioned among the interexchange category and the access elements as follows: Category 1 that is used for intercept services shall be assigned

to the Switching element. Category 1 other than service observation boards, intercept and directory assistance services shall be assigned to the interexchange category. Service observation boards shall be apportioned among the interexchange category, and the Switching and Transport access elements based on the remaining combined investment in COE Category 1, Category 2 and Category 3.

(c) COE Category 2 (Tandem Switching Equipment) that is deemed to be exchange equipment for purposes of the AT&T Consent Decree shall be assigned to the Switching element. COE Category 2 which is associated with the signal transfer point function shall be assigned to the Switching element. All other COE Category 2 shall be assigned to the interexchange category.

(d) COE Category 3 (Local Switching Equipment) shall be assigned to the Switching element except as provided in paragraph (a) of this Section.

(e) COE Category 4 (Circuit Equipment) shall be apportioned among the interexchange category and the Common Line and Transport elements. COE Category 4 shall be apportioned in the same proportions as the associated Cable and Wire Facilities; except that any DS1/voice-grade multiplexer investment associated with analog local switches and assigned to the Transport element by this section shall be reallocated to the switching element.

#### **§ 69.207 General support facilities.**

(a) General purpose computer investment used in the provision of the Line Information Database service shall be assigned to the Switching element.

(b) General purpose computer investment used in the provision of the billing name and address service shall be assigned to the Switching element.

(c) For all local exchange carriers not subject to price cap regulation and for other carriers that acquire all of the billing and collection services that they provide to interexchange carriers from unregulated affiliates through affiliate transactions, from unaffiliated third parties, or from both of these sources, all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Switching, and Transport elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

**§ 69.208      Other investment.**

Investment that is not apportioned pursuant to the foregoing paragraphs shall be apportioned among the interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements in the same proportions as the combined investment that is apportioned pursuant to §§ 69.203 through 69.207.

**§ 69.209      Capital leases.**

Capital Leases in Account 2680 shall be directly assigned to the appropriate interexchange category or Transport, Switching, and Common Line elements consistent with the treatment prescribed for similar plant costs or shall be apportioned in the same manner as Account 2001.

## Subpart D - Apportionment of Expenses

### § 69.301 Direct expenses.

(a) Plant Specific Operations Expenses in Accounts 6110 and 6120 shall be apportioned among the interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements on the following basis:

(1) Account 6110 - Apportion on the basis of other investment apportioned pursuant to § 69.203.

(2) Account 6120 - Apportion on the basis of General and Support Facilities investment pursuant to § 69.207.

(b) Plant Specific Operations Expenses in Accounts 6210, 6220, and 6230, shall be apportioned among the interexchange category and Transport, Switching, and Common Line elements on the basis of the apportionment of the investment in Accounts 2210, 2220, and 2230, respectively.

(c) Plant Specific Operations Expenses in Accounts 6310 and 6410 shall be assigned to the appropriate investment category and shall be apportioned among the interexchange category and the Transport, Switching, and Common Line elements in the same proportions as the total associated investment.

(d) Plant Non Specific Operations Expenses in Accounts 6510 and 6530 shall be apportioned among the interexchange category, the billing and collection category, and the Transport, Switching, and Common Line elements in the same proportions as the combined investment in COE, IOT, and C&WF apportioned to each element and category.

(e) Plant Non Specific Operations Expenses in Account 6540 shall be assigned to the interexchange category.

(f) Plant Non Specific Operations Expenses in Account 6560 shall be apportioned among the interexchange category, the billing and collection category, and the Transport, Switching, and Common Line elements in the same proportion as the associated investment.

(g) Amortization of embedded customer premises wiring investment shall be deemed to be associated with § 69.203(b) IOT investment for purposes of the apportionment described in paragraph (c) of this Section.

**§ 69.302      Operating taxes (Account 7200).**

(a) Federal income taxes, state and local income taxes, and state and local gross receipts or gross earnings taxes that are collected in lieu of a corporate income tax shall be apportioned among the interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements based on the approximate net taxable income on which the tax is levied (positive or negative) applicable to each element and category.

(b) All other operating taxes shall be apportioned among the interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements in the same manner as the investment apportioned to each element and category pursuant to § 69.208 Other Investment.

**§ 69.303      Marketing expense (Account 6610).**

Marketing expense shall be apportioned among the interexchange category and the Transport, Switching, and Common Line elements in the same proportions as the combined investment that is apportioned pursuant to § 69.208.

**§ 69.304      Telephone operator services expenses in Account 6620.**

Telephone Operator Services expenses shall be apportioned among the interexchange category, and the Switching element based on the relative number of weighted standard work seconds. For those companies who contract with another company for the provision of these services, the expenses incurred shall be directly assigned among the interexchange category and the Switching element on the basis of the bill rendered for the services provided.

**§ 69.305      Published directory expenses in Account 6620.**

Published Directory expenses shall be assigned to the Switching element.

**§ 69.306      Local business office expenses in Account 6620.**

(a) Local business office expense shall be assigned as follows:

(1) End user service order processing expenses attributable to presubscription shall be apportioned among the Common Line,

Switching, and Transport elements in the same proportion as the investment apportioned to those elements pursuant to § 69.208.

(2) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate private line and special access service shall be assigned to the Transport element.

(3) End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate private line service offered by an interexchange carrier shall be assigned to the billing and collection category.

(4) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate message toll service shall be assigned to the interexchange category. End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate message toll service offered by an interexchange carrier shall be assigned to the billing and collection category. End user payment and collection and billing inquiry expenses attributable to End User Common Line access billing shall be assigned to the Common Line element.

(5) End user service order processing, payment and collection, and billing inquiry expenses attributable to TWX service shall be assigned to the Transport element.

(6) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to private lines and special access shall be assigned to the Transport element.

(7) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to interstate switched access and message toll, shall be apportioned among the Common Line, Switching and Transport elements in the same proportion as the investment apportioned to those elements pursuant to § 69.208.

(8) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to billing and collection service shall be assigned to the billing and collection category.

**§ 69.307      Revenue accounting expenses in Account 6620.**

(a) Revenue accounting expenses that are attributable to End User Common Line access billings shall be assigned to the Common Line element.

(b) Revenue accounting expenses that are attributable to carrier's carrier access billing and collecting expense other than identified in paragraph (a), shall be apportioned among the Transport and Switching elements in the same proportion as the combined investment in COE, C&WF and IOT apportioned to those elements

(c) All other Revenue Accounting Expenses shall be assigned to the billing and collection category.

**§ 69.308      All other customer services expense in Account 6620.**

All other customer services expenses shall be apportioned among the Interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements based on the combined expenses in § 69.404 through § 69.407

**§ 69.309      Corporate operations expenses (Accounts 6710 and 6720).**

All Corporate Operations Expenses shall be apportioned among the interexchange category, the billing and collection category and the Transport, Switching, and Common Line elements in accordance with the Big 3 Expense Factor as defined in § 69.211

**§ 69.310      Other expense.**

Except as provided in § 69.311, expenses that are not apportioned pursuant to §§ 69.301 through 69.309 shall be apportioned among the interexchange category and the Transport, Switching, and Common Line elements in the same manner as § 69.208 Other investment.

**§ 69.311      Non participating company payments/receipts.**

For ILECs that are not association Common Line tariff participants, the payment or receipt of funds described in Part 54 shall be apportioned, respectively, as an addition to or a deduction from their common line revenue requirement.

## Subpart E - Exchange Carrier Association

### § 69.401 Definitions.

*High Cost and Low Income Committee.* The term "High Cost and Low Income Committee" shall refer to a committee of the Board of Directors of the Administrator's independent subsidiary that will have the power and authority to bind the independent subsidiary's Board of Directors on issues relating to the administration of the high cost and low-income support mechanisms, as described in § Part 54.

*Rural Health Care Corporation.* The term "Rural Health Care Corporation" shall refer to the corporation created pursuant to Part 54 that shall administer specified portions of the universal service support mechanisms, as described in Part 54.

*Schools and Libraries Corporation.* The term "Schools and Libraries Corporation" shall refer to the corporation created pursuant to Part 54 that shall administer specified portions of the universal service support mechanisms, as described in Part 54.

### § 69.402 Exchange carrier association.

(a) An association shall be established in order to prepare and file access charge tariffs on behalf of all telephone companies that do not file separate tariffs or concur in a joint access tariff of another telephone company for all access elements.

(b) All telephone companies that participate in the distribution of Carrier Common Line revenue requirement, pay long term support to association Common Line tariff participants, or receive payments from the transitional support fund administered by the association shall be deemed to be members of the Association.

(c) All data submissions to the association required by this Title shall be accompanied by the following certification statement signed by the officer or employee responsible for the overall preparation for the data submission:



## CERTIFICATION

I am (title of certifying officer or employee). I hereby certify that I have overall responsibility for the preparation of all data in the attached data submission for (name of carrier) and that I am authorized to execute this certification. Based on information known to me or provided to me by employees responsible for the preparation of the data in this submission, I hereby certify that the data have been examined and reviewed and are complete, accurate, and consistent with the rules of the Federal Communications Commission.

Date:

Name:

Title:

(Persons making willful false statements in this data submission can be punished by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001).

### **§ 69.403 Board of directors.**

(a) For purposes of this Section the association membership shall be divided into three subsets:

(1) The first subset shall consist of the telephone companies owned and operated by the seven Regional Bell Holding Companies;

(2) The second subset shall consist of all other telephone companies with annual operating revenues in excess of forty million dollars;

(3) The third subset shall consist of all other telephone companies. All commonly controlled companies shall be deemed to be one company for purposes of this Section.

(b) There shall be fifteen directors of the association.

(c) Until 1996, three directors shall represent the first subset, three directors shall represent the second subset, and nine directors shall represent the third subset. In 1996 and thereafter, two directors shall represent the first subset, two directors shall represent the second

subset, six directors shall represent the third subset, and five directors shall represent all three subsets.

(d) No director who represents all three subsets shall be a current or former officer or employee of the association or of any association member, or have a business relationship or other interest that could interfere with his or her exercise of independent judgment.

(e) Each subset shall select the directors who will represent it individually through an annual election in which each member of the subset shall be entitled to vote for the number of directors that will represent such member's subset.

(f) The association membership shall select the directors for the following calendar year who will represent all three subsets through an annual election in which each member of the association shall be entitled to one vote for each director position. There shall be at least two candidates meeting the qualifications in paragraph (d) of this section for each such director position:

(1) in any election in which the most recently elected director for such position is not a qualified candidate;

(2) if there has been no election for such position having more than one qualified candidate during the present and the two preceding calendar years; and

(3) in any election for which the ballot lists two or more qualified candidates.

(g) At least one director representing all three subsets shall be a member of each committee of association directors.

(h) For each access element or group of access elements for which voluntary pooling is permitted, there shall be a committee that is responsible for the preparation of charges for the associated access elements that comply with all applicable sections in this Part.

(i) Directors shall serve for a term of one year commencing January 1 and concluding on December 31 of each year.

#### **§ 69.404      Association functions.**

(a) The association shall not engage in any activity that is not related to the preparation of access charge tariffs or the collection and distribution of access charge revenues or the operation of a billing and collection pool on an untariffed basis unless such activity is expressly authorized by order of the Commission.

(b) Participation in Commission or court proceedings relating to access charge tariffs, the billing and collection of access charges, the distribution of access charge revenues, or the operation of a billing and collection pool on an untariffed basis shall be deemed to be authorized association activities.

(c) Upon the incorporation and commencement of operations by the association's independent subsidiary that, pursuant to Part 54, will administer temporarily specified portions of the universal service support mechanisms, the association shall no longer administer the Universal Service charge, including the direct billing to and collection of associated revenues on a monthly basis from interexchange carriers pursuant to Part 54 and the distribution of these revenues to qualified telephone companies based on their share of expenses assigned to the Universal Service Factor portion of the interstate allocation pursuant to § 36.631. Such functions shall be assumed by the independent subsidiary of the association as provided in Part 54. Commencing on January 1, 1998, the billing and collection of universal service support for high cost areas shall be performed in a manner consistent with § 54.709 of this chapter.

(d) Upon the incorporation and commencement of operations by the association's independent subsidiary that, pursuant to Part 54, will administer temporarily specified portions of the universal service support mechanisms, the association shall no longer administer the Lifeline Assistance charge, including the direct billing to and collection of associated revenues on a monthly basis from interexchange carriers pursuant to Part 54, and the distribution of these revenues to qualified telephone companies based on their share of expenses assigned to the Lifeline Assistance Fund pursuant to § 36.741 and of End User Common Line charges associated with the operation of Part 54. Such functions shall be assumed by the independent subsidiary of the association as provided in Part 54. Commencing on January 1, 1998, the billing and collection of Lifeline support shall be performed in a manner consistent with § 54.709.

(e) Upon the incorporation and commencement of operations by the association's independent subsidiary that, pursuant to Part 54, will administer temporarily specified portions of the universal service support mechanisms, the association shall no longer compute, in accordance with Part 54, the mandatory Long Term Support payment of telephone companies that are not association Common Line tariff participants, bill or collect the appropriate amounts on a monthly basis from such telephone companies, or distribute Long Term Support revenue among association Carrier Common Line tariff participants. Such functions shall be assumed by the independent subsidiary of the association as provided in Part 54. Commencing on January 1, 1998, the computation, billing, and collection of Long Term Support shall be performed in a manner consistent with § 54.303.

(f) The association shall also prepare and file an access charge tariff containing terms and conditions for access service and a form for the filing of rate schedules by telephone companies that choose to reference these terms and conditions while filing their own access rates.

(g) The association shall divide the expenses of its operations into two categories. The first category ("Category I Expenses") shall consist of those expenses that are associated with the preparation, defense, and modification of association tariffs, those expenses that are associated with the administration of pooled receipts and distributions of exchange carrier revenues resulting from association tariffs, those expenses that are associated with association functions pursuant to §§ 69.404(c)-(g), and those expenses that pertain to Commission proceedings involving Subpart D of Part 69 of the Commission's rules. The second category ("Category II Expenses") shall consist of all other association expenses. Category I Expenses shall be sub-divided into three components in proportion to the revenues associated with each component. The first component ("Category I.A Expenses") shall be in proportion to the Universal Service Fund and Lifeline Assistance revenues. The second component ("Category I.B Expenses") shall be in proportion to the sum of the association End User Common Line revenues, the association Carrier Common Line revenues, the association Special Access Surcharge revenues, the Long Term Support payments and the Transitional Support payments. The third component ("Category I.C Expenses") shall be in proportion to the revenues from all other association interstate access charges.

(h)(1) The revenue requirement for association tariffs shall not include any association expenses other than Category I.A Expenses.

(2) The revenue requirement for association tariffs shall not include any Association expenses other than Category I.B Expenses.

(3) The revenue requirement for association tariffs shall not include any association expenses other than Category I.C Expenses.

(4) No distribution to an exchange carrier of Universal Service Fund and Lifeline Assistance revenues shall include adjustments for association expenses other than Category I.A Expenses.

(5) No distribution to an exchange carrier of revenues from association End User Common Lines Or Carrier Common Line charges, Special Access Surcharges, or Long Term Support or Transitional Support payments shall include adjustments for association expenses other than Category I.B Expenses.

(6) No distribution to an exchange carrier of revenues from association interstate access charges other than End User Common

Line and Carrier Common Line charges and Special Access Surcharges shall include adjustments for association expenses other than Category I.C Expenses.

(7) The association shall separately identify all Category I.A, I.B and I.C Expenses in cost support materials filed with each annual association access tariff filing.

**§ 69.405      Billing and collection of access charges.**

(a) Telephone companies shall bill and collect all access charges except those charges specified in Part 54.

(b) All access charges shall be billed monthly.

**§ 69.406      Reporting and distribution of pool access revenues.**

(a) Access revenues and cost data shall be reported by participants in association tariffs to the association for computation of monthly pool revenues distributions in accordance with this Subpart.

(b) Association expenses incurred during the month that are allowable access charge expenses shall be reimbursed before any other funds are disbursed.

(c) Except as provided in paragraph (b) of this Section, payments to average schedule companies that are computed in accordance with § 69.407 shall be disbursed before any other funds are disbursed. For purposes of this Part, a telephone company that was participating in average schedule settlements on December 1, 1982, shall be deemed to be an average schedule company except that any company that does not join in association tariffs for all access elements shall not be deemed to be an average schedule company.

(d) The residue shall be disbursed to telephone companies that are not average schedule companies in accordance with §§ 69.408 through 69.411.

(e) The association shall submit a report on or before February 1 of each calendar year describing the association's cost study review process for the preceding calendar year as well as the results of that process. For any revisions to cost study results made or recommended by the association that would change the respective carrier's calculated annual common line or traffic sensitive revenue requirement by ten percent or more, the report shall include the following information:

(1) the name of the carrier;

- (2) a detailed description of the revisions;
- (3) the amount of the revisions;
- (4) the impact of the revisions on the carrier's calculated common line and traffic sensitive revenue requirements; and
- (5) the carrier's total annual common line and traffic sensitive revenue requirement.

**§ 69.407      Computation of average schedule company payments.**

(a) Payments shall be made in accordance with a formula approved or modified by the Commission. Such formula shall be designed to produce disbursements to an average schedule company that simulate the disbursements that would be received pursuant to § 69.408 by a company that is representative of average schedule companies.

(b) The association shall submit a proposed revision of the formula for each annual period subsequent to December 31, 1986, or certify that a majority of the directors of the association believe that no revisions are warranted for such period on or before December 31 of the preceding year.

**§ 69.408      Disbursement of carrier common line residue.**

(a) The association shall compute a monthly net balance for each member telephone company that is not an average schedule company. If such a company has a negative net balance, the association shall bill that amount to such company. If such a company has a positive net balance, the association shall disburse that amount to such company.

(b) The net balance for such a company shall be computed by multiplying a hypothetical net balance for such a company by a factor that is computed by dividing the Carrier Common Line residue by the sum of the hypothetical net balances for such companies.

(c) The hypothetical net balance for each company shall be the sum of the hypothetical net balances for each access element. Such hypothetical net balances shall be computed in accordance with § 69.409 - § 69.411.

**§ 69.409      Carrier common line hypothetical net balance.**

The hypothetical net balance shall be equal to a Carrier Common Line revenue requirement for each such company.

**§ 69.410      End user common line hypothetical net balances.**

(a) If the company does not participate in the association tariff for such element, the hypothetical net balance shall be zero.

(b) If the company does participate in the association tariff for such element, the hypothetical net balance shall be computed by multiplying an amount that is computed by deducting access revenues collected by such company for such element from an End User Common Line revenue requirement for such company by a factor that is computed by dividing access revenues collected by all such companies for such element by an End User Common Line revenue requirement for all such companies.

**§ 69.411      Other hypothetical net balances.**

(a) The hypothetical net balance for an access element other than a Common Line element shall be computed as provided in this Section.

(b) If the company does not participate in the association tariff for such element, the hypothetical net balance shall be zero.

(c) If the company does participate in the association tariff for such element, the hypothetical net balance shall be computed by deducting access revenues collected for such element from the sum of expense attributable to such element and the element residue apportioned to such company. The element residue shall be apportioned among such companies in the same proportions as the net investment attributable to such element.

(d) The element residue shall be computed by deducting expenses of all participating companies attributable to such element from revenues collected by all participating companies for such element.

## Subpart F - Competitive Responses By Non-Price Cap ILECs

### § 69.501 Voluntary network opening by non-price cap incumbent local exchange carriers.

(a) This section applies only to non-price cap incumbent local exchange carriers (referred to herein for purposes of this section as non-price cap ILECs).

(b) A non-price cap ILEC may elect to open its network to competitive entry consistent with subsection (c) hereunder, before receiving a request from a telecommunications carrier pursuant to sections 251(b) or (c) of the Communications Act. Once a non-price cap ILEC provides notice of such network opening pursuant to subsection (d) hereunder, it shall be afforded competitive pricing flexibility as defined in subsection (e) hereunder.

(c) A non-price cap ILEC is considered to have elected to open its network to competitive entry for purposes of this section if, before receiving a request from a telecommunications carrier pursuant to sections 251(b) or (c) of the Communications Act

(1) The non-price cap ILEC publishes a list of unbundled network elements consistent with the unbundling requirements of §§ 51.305 through 51.321 of this chapter (excluding §§ 51.305(a)(4), 51.311(c), 51.315(c)-(f), and 51.317), with prices therefore that are reasonably related to prices for such elements offered by similarly situated ILECs. Such unbundled network elements must be available to telecommunications carriers at the time of such publication

(2) The non-price cap ILEC commits to provide local number portability to any competitive entrant in a timely manner consistent with a state commission's approval of an interconnection agreement between the non-price cap ILEC and that entrant pursuant to section 252 of the Communications Act.

(d) The non-price cap ILEC must notify the Commission, the affected state commission(s), and the general public in writing of its election to open its network as described in subsection (c) above. Notification to the Commission and the state commission(s) should include a copy of the publication described in subsection (c)(1) above and a general description of compliance with subsection (c) above

(e) In all areas for which the non-price cap ILEC complies with subsections (c) and (d) of this section, it shall be permitted to engage in tariffing and pricing of interstate telecommunications services on an individual case basis, and it shall be permitted to file contract-based



tariffs for such services. For purposes of this section, a contract-based tariff is defined in § 61.2(i) of this chapter.

**§ 69.502 Regulatory status of non-price cap incumbent local exchange carriers subject to competition**

A non-price cap ILEC that has obtained state commission approval of one or more interconnection agreements in any portion of its service territory shall be treated as a nondominant carrier by the Commission. Such treatment shall be the same as that accorded to other nondominant local exchange carriers by the Commission prior to the effective date of this rule so that such non-price cap ILECs shall not be required to base tariffs on the rate of return principles described in this chapter.